

**MINUTES
of the
THIRD MEETING
of the
JOBS COUNCIL**

**August 10, 2015
Mimbres Valley Special Events Center
Deming**

The third meeting of the Jobs Council (council) was called to order by Senator Mary Kay Papen, co-chair, on August 10, 2015 at 9:12 a.m. at the Mimbres Valley Special Events Center in Deming.

Present

Sen. Mary Kay Papen, Co-Chair
Rep. Don L. Tripp, Co-Chair
Vicente Alvarado
Dale Armstrong
Jason Espinoza
Rep. W. Ken Martinez
Sen. George K. Munoz
Eric Witt
Sen. Pat Woods

Absent

Terry Brunner
Rep. Roberto "Bobby" J. Gonzales
Sen. Stuart Ingle
Rep. Tim D. Lewis
Rep. Sarah Maestas Barnes
Sen. Michael Padilla
Alex O. Romero
Sen. John C. Ryan
Sen. Michael S. Sanchez
Sen. Mimi Stewart

Advisory Members

Rep. Alonzo Baldonado
Sen. Carlos R. Cisneros
Rep. Kelly K. Fajardo
Rep. Bealquin Bill Gomez
Rep. Conrad James
Rep. Bill McCamley
Rep. Debbie A. Rodella
Sen. William P. Soules

Rep. David E. Adkins
Rep. Cathrynn N. Brown
Sen. William F. Burt
Rep. Stephanie Garcia Richard
Rep. Yvette Herrell
Rep. Larry A. Larrañaga
Sen. Howie C. Morales
Sen. Steven P. Neville
Rep. Patricia Roybal Caballero
Rep. Monica Youngblood

Guest Legislators

Rep. Dona G. Irwin
Sen. Linda M. Lopez
Sen. John Arthur Smith

Guest Member

Rebecca Latham, Secretary, Tourism Department

Staff

Tessa Ryan, Staff Attorney, Legislative Council Service (LCS)

Monica Ewing, Staff Attorney, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are in the meeting file.

Monday, August 10

Senator Papen welcomed the council. Benny L. Jasso, mayor of the City of Deming, also welcomed the council and said that Deming is working to bring growth and economic opportunities to its residents. Council members and meeting attendees introduced themselves.

Background of the Jobs Council and Overview of Roundtable Deliberations

Mark Lautman, lead program consultant to the council, reviewed the council's history and purpose. The council was formed in 2013 to identify a strategy to return the state to pre-recession employment levels. The council has used a "wisdom of crowds" approach, by which participants' knowledge and expertise are collectively considered to develop a strategy. Mr. Lautman said that the group that day would focus on the visitor-driven economy "theater", one of eight areas of economic-base job creation identified in the council's work plan.

Mr. Lautman said that the participants would divide into five groups, each focused on one of the following modes of tourism, to deliberate on the visitor-driven economy:

1. transit services, which includes visits by out-of-state residents who pass through New Mexico or make an overnight stop;
2. personal short term, which includes leisure visits to the state that last fewer than 30 days;
3. personal extended stay, which includes temporary or part-time residents who live in the state for fewer than eight months;
4. business short term, which includes business travelers in the state for fewer than 30 days; and
5. business extended stay, which includes out-of-state guest workers in the state for more than 30 days.

Mr. Lautman responded to several questions about the modes of tourism and reiterated that the council's work is focused on the creation of economic-base jobs or jobs that provide services or goods that are paid for by out-of-state consumers.

Roundtable Deliberations

The council members and other attendees divided into five groups and deliberated on the following, with respect to each group's assigned mode of tourism:

1. definitions;
2. players and procuring agents, including organizations and businesses;
3. economic and industry sectors, which are the standard industry or occupational codes used in connection with the mode;
4. jobs that could be created;
5. program reliant, which is a consideration of whether programs are needed to increase visits or job creation in that mode; and
6. factors of production, including real estate, infrastructure, capital, work force, housing, community quality, leadership, organization climate and business climate needed for job creation.

Roundtable Reports

Transit Services

A representative of the group reported that it identified a need for more tourism-related information at visitor centers and rest stops. Information, staff persons and possibly electric vehicle recharge stations available at travel centers and rest stops would make visitors passing through the state more likely to extend their visits. The group discussed the need for state investment in travel centers and rest stops.

The group generated other ideas to increase tourism within the "transit services" category. To increase awareness of New Mexico's appeal, schools could emphasize New Mexico's history, geography and culture. Further, the Department of Transportation and the Tourism Department could collaborate to promote the state through messages on off-highway electric signs not otherwise in use and through advertisements on commercial trucks. For the latter suggestion, the group proposed establishing a tax incentive. The group also suggested changing laws to: 1) require that lodgers taxes apply to nontraditional lodging arrangements like Airbnb; 2) improve the state's liquor control system; and 3) allow for transportation services like Uber to operate more freely.

Personal Short Term

A representative of the group reported the group's conclusions that: 1) with an increased tourism budget, the state could more pointedly advertise cultural experiences in New Mexico; 2) better training for hospitality industry professionals would improve visitor experiences and make return visits more likely; 3) hospitality-based businesses could use Job Training Incentive

Program funds to train their employees; 5) renovated historic motels and hotels would attract more visitors; and 6) the state should encourage communities to do cross-marketing.

The group identified the need for: 1) improved broadband access throughout the state; 2) improved location accuracy in services and electronic maps used by travelers; 3) more high-end resorts; 4) better air transportation; 5) more housing for those in the work force; 6) better public safety; and 7) improved roads and bridges. The group also identified a concern about the difficulties some travelers face in renting cars in New Mexico border towns and the resulting loss of car rental business to Texas.

Personal Extended Stay

A representative of the group reported that it defined the category as consisting of visitors whose stays last between 30 days and eight months. The group suggested marketing to avid bird watchers and to medical, educational, religious and fraternal organizations that organize conferences and conventions.

The group concluded that existing infrastructure could be improved to develop dude ranches and other attractions. The group noted deficiencies in some state locales in the areas of: 1) amenities, such as grocery stores; 2) broadband access; 3) medical services; and 4) transportation. The group stressed the importance of public-private partnerships and other arrangements that allow for the private use of public buildings.

Business Short Term

A representative of the group reported that its discussion focused on trade associations and business conventions and the unique activities that New Mexico offers to convention attendees. The group highlighted rafting as an activity to actively market. It recommended increasing the capacity and improving the quality of conference-space infrastructure to boost "business short term" tourism. It also identified the need for direct flights from major cities into the state and other concerns with air travel and ground transportation, including Uber.

Secretary Latham said that the Tourism Department operates grant-matching programs to help local governments market their destination to business travelers.

Business Extended Stay

A representative of the group reported that it discussed needs associated with industries, such as oil and gas. The group identified as primary concerns for those industries: 1) affordable housing; 2) 24-hour services for shift workers; and 3) broadband access. The group also discussed changes to the state's business climate that could encourage job creation, including changes to the liquor control laws.

Discussion of Metrics

Dale Hendrickson, program consultant for the council, reviewed metrics data from several sources to show the relationships between: tourist visits and created jobs; and tourism investments and created jobs.

Follow-Up to the Previous Meeting

A participant at the second council meeting noted that the group at that meeting focused on "attracting retirees" and suggested that the council consider legislation to establish a system to enable communities to become "certified retirement communities".

Jobs Report from the Border Region

Jerry Pacheco, executive director, International Business Accelerator, and Chris Lyons, a developer working in the Santa Teresa area, presented information on job creation in the border region.

Mr. Pacheco said that Foxconn, an electronics manufacturing company across the border from Santa Teresa, produces as many as 50,000 Dell computers each day and will soon expand to include the manufacture of televisions. Many components are exported to companies like Foxconn from the United States, and New Mexico was ranked twenty-seventh among states for exports to Mexico. The Las Cruces, Farmington and Santa Fe metropolitan areas have shown significant increases in exports in the past few years. Most of the state's exports to Mexico are manufactured steel components, plastic injection components, packaging materials and other production inputs, but most of the recent job growth in these areas is related to manufactured steel components.

Referring to a map on page 4 of his presentation materials ("New Mexico's Border: Status, Vision and Action"), Mr. Pacheco noted that the state should strive to supply goods to maquiladoras located in the region on the map demarcated by shading, which is the region just south of the New Mexico-Mexico border.

The efficient transport of goods and supplies is an important feature of the manufacturing activity in the border region. Funding is needed to improve the area's roads.

Mr. Pacheco said that the lack of available industrial and commercial real estate is an obstacle to bringing businesses to Santa Teresa. Previous concerns with insufficient water pressure were addressed using Local Economic Development Act-appropriated funds.

Referring to page 6 of his presentation materials, Mr. Pacheco reported that approximately 4,000 direct jobs have been created in the Santa Teresa area. He added that many of the state's job-creation incentives are based on the hire of full-time employees, which encourages employers to hire permanent, not temporary, employees.

A pilot program aimed at reducing delays related to customs clearance has begun. The program provides for United States Customs and Border Protection agents on the Mexican side of the border to pre-clear products that will be transported across the border.

Mr. Pacheco described ongoing work to develop the San Jeronimo-Santa Teresa binational master-planned community. Both governments are in the process of compiling 10-year and 20-year growth figures to help with planning. Two hundred to 500 industrial jobs are being created annually in the Santa Teresa area. Workers have a wide range of housing options within the many Santa Teresa-area communities. Mr. Pacheco suggested that the state take measures to encourage Santa Teresa-area workers to buy homes in New Mexico.

Mr. Lyons presented information about the development of the binational community. He said that a pedestrian skybridge to connect Mexico and the United States is being constructed near San Diego, and a similar bridge could be used in the Santa Teresa area to connect commercial, educational and government facilities on both sides of the border.

Mr. Lyons said that Union Pacific plans to expand its rail services in a way that will make Santa Teresa a key port and a critical aspect of freight rail transportation between Los Angeles and the east coast. He added that improvements to Santa Teresa's utilities and airport are needed.

Regarding plans for residential development in Santa Teresa, Mr. Lyons described plans to develop walkable communities that include features like courtyards and commercial spaces.

A council member asked how Santa Teresa's economic activity relates to the council's goals. Mr. Pacheco replied that approximately 200 to 500 jobs are created annually in Santa Teresa and that, while the number consists of a mix of economic base and non-economic base jobs, the area's contribution to the state's employment profile is significant.

In response to other questions, Mr. Pacheco said that: 1) a majority of the \$1.5 billion worth of exports from New Mexico to Mexico are wholesale and fabricated steel goods; 2) New Mexico does not have enough workers trained in manufacturing; 3) he has worked with area high schools and community colleges to discuss education that features training for the types of jobs available in the area; and 4) employers in Santa Teresa have offered internships to high school students to provide training and work experience.

A member asked about the status of commercial development in Santa Teresa. Mr. Pacheco said that ground was broken three weeks ago in the industrial park, and a new company's arrival will soon be announced.

Jobs Report from Spaceport America

Christine Anderson, executive director, Spaceport Authority, addressed economic activities at Spaceport America. She said that spaceport construction is complete and that she is focused on recruiting companies to add to the spaceport's two space-launch tenants and other

aerospace customers. Virgin Galactic is about a year behind schedule in its plans to launch space flights from the spaceport.

Ms. Anderson said that there are 11 spaceports in the nation. The most recently developed spaceport, which is in Texas, will be a significant competitor for Spaceport America.

The state invests \$463,000 each year into the spaceport, and Ms. Anderson reported some data on the return to the state on that investment, which totals \$9,556,000.

Ms. Anderson noted that several business and economic sectors are involved in the work of the spaceport, including aerospace, space launch and testing, satellite ground stations, unmanned aerial vehicle (UAV) testing, tourism, venue events, merchandise and sponsorship. She said that SpaceX and Armadillo Aerospace are working with the spaceport on space-launch testing, and the spaceport has entered a memorandum of understanding with X2nSat in connection with satellite ground stations. Agreements with several UAV clients are pending.

Spaceport tourism is an important part of the spaceport's operations. Visitors to the spaceport will be able to experience videos, interactive and educational exhibits, a G-shock simulator and more. The spaceport is also available for use as a special-event venue and for commercial photographic and video shoots. Ms. Anderson showed video examples of commercial shoots at the spaceport.

The spaceport is engaged in educational efforts, including a virtual classroom that provides a question-and-answer session with local students and field trips to the spaceport. The spaceport is also collaborating with university-level students on aerospace projects.

Ms. Anderson said that the spaceport would benefit from legislation that provides for public-private partnerships and that allows the spaceport to acquire a liquor license for corporate events.

Richard Holdridge, board member, Spaceport Authority, also addressed the council. He said that the spaceport's mission has evolved into something greater than simply a rocket launch site. He applauded Ms. Anderson's efforts to bring business to the state and to the spaceport, particularly following the delay in Virgin Galactic's activities.

In response to a member's question, Ms. Anderson said that all customers are welcome to fly from the spaceport, which currently has non-tenant customers.

A member inquired about the spaceport's need for a liquor license. Ms. Anderson said that the spaceport encounters difficulty when trying to use caterers that provide alcohol and that a change to the liquor-licensing laws to remedy the problem would be helpful.

In response to a question about transportation to the spaceport, Ms. Anderson said that as a result of the Federal Aviation Administration's environmental impact study, personal vehicles may not be used to visit the spaceport. Nevertheless, the spaceport will host an open house each year during which 100 cars will be allowed to drive to the spaceport.

A member expressed concerns with eventual maintenance expenses related to the spaceport, which is now 10 years old.

Ms. Anderson informed the council that the spaceport has hired a marketing professional and is considering subleasing parcels of land for hangars and other purposes. She also invited council members to visit the spaceport to see recent developments.

Adjournment

There being no further business before the council, the third meeting of the Jobs Council for the 2015 interim adjourned at 4:47 p.m.